

Message Text

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43

ACTION AF-18

INFO OCT-01 NEA-14 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /161 W
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R 280935Z MAY 74

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 2237

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TRIPOLI

AMEMBASSY BAMAKO

AMEMBASSY DAKAR

C O N F I D E N T I A L NOUAKCHOTT 639

KUWAIT PASS ABU DHABI AND DOHA

EO 11652: GDS

TAGS: EAID PFOR MR XF

SUBJECT: NEW ARAB OIL AID PROMISED TO MAURITANIA

REF: NOUAKCHOTT 493 AND 449 (NOTAL)

1. SUMMARY: ACCORDING TO MINPLAN AND INDUSTRIAL DEVELOPMENT SIDI, MAURITANIAN PRESIDENT OULD DADDAH RETURNED FROM HIS APRIL-MAY FUND RAISING SWING THROUGH KUWAIT, THE GULF AND SAUDI ARABIA WITH SOLID COMMITMENTS FOR NEARLY 85 MILLION DOLLARS IN NEW DEVELOPMENT AID, MOST OF IT LOANS AT CONCESSIONAL RATES. MINISTER BELIEVES THESE DEVELOPMENT LOANS AND GRANTS ARE BUT T E BEGINNINGS OF A MAJOR ARAB DEVELOPMENT EFFORT HERE. HE DID, HOWEVER, ALLUDE TO PROBLEMS INHERENT IN DEALING WITH ARAB STATES (LIBYA WAS THE EXAMPLE HE USED) WHICH HAVE NO INSTITUTIONAL MEANS TO DEVELOP OR MANAGE ASSISTANCE PROGRAMS. END SUMMARY.

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2. MINISTER STATES THAT TOTAL AID PACKAGE DEVELOPED DURING THE PRESIDENT'S TRIP AMOUNTED TO 20 BILLION CFAF OR NEARLY 85 MILLION DOLLARS. THE MINISTER DID NOT HAVE ALL DETAILS AT HAND, BUT HE DID NOTE THAT THE BIGGEST COMMITMENTS WERE BY SAUDI ARABIA (OVER 21 MILLION DOLLARS) AND KUWAIT (30 MILLION DOLLARS) SAUDI ARABIA, HE SAID, WAS PARTICULARLY INTERESTED IN FINANCING AGRICULTURAL PROJECTS LIKE THE BOGHE PLAIN RICE SCHEME, THE GORGHOL VALLEY DEVELOPMENT PLAN AND THE LAKE R'KIZ IRRIGATION PROJECT. CONTRARY TO RUMORS BEING CIRCULATED IN THE EUROPEAN DIPLOMATIC COMMUNITY HERE, ONLY SOME 1.5 MILLION DOLLARS IN SAUDI ASSISTANCE MUST BE DEVOTED TO MOSQUE CONSTRUCTION.

3. KUWAIT, CONVERSELY, SEEMS MORE INTERESTED IN INDUSTRIAL DEVELOPMENT ASSISTANCE. THOUGH SPECIFIC PROJECT FUNDING AWAITS FURTHER STUDY, THE MINISTER SAID KUWAIT IS INTERESTED IN HELPING FINANCE THE NOUADHIBOU STEEL MILL, NOW BEING STUDIED BY H. K. FERGUSON OF CLEVELAND UNDER CONTRACT WITH A GIRM CORPORATION. OTHER PROJECTS WHICH ATTRACTED KUWAITI INTEREST

WERE FISHING PORT IMPROVEMENTS AT NOUADHIBOU (WHICH MAY BE PARTIALLY FUNDED BY IBRD) AND CONSTRUCTION OF 150 KILOMETERS OF THE 100 MILLION DOLLAR NOUAKCHOTT-NEMA ROAD.

4. ACCORDING TO THE MINISTER, QATAR PROMISED 10 MILLION DOLLARS IN AID FOR PROJECTS TO BE MUTUALLY DECIDED LATER, AND IN ADDITION ALSO AGREED TO FINANCE CONSTRUCTION OF 150 KILOMETERS OF THE NOUAKCHOTT-NEMA ROAD. THE UAE MADE AN OUT-RIGHT GIFT TO MAURITANIA OF FOUR MILLION DOLLARS IN DROUGHT-RELATED AID. IT ALSO PROMISED TO SPLIT ANOTHER SIX MILLION DOLLARS AMONG OTHER DROUGHT-STRICKEN WEST AFRICAN COUNTRIES, A DOUBLING OF ITS 1973 DROUGHT CONTRIBUTION.

5. ACCORDING TO THE MINISTER, ARAB FINANCIAL TERMS ARE GENEROUS. SAUDI ARABIA OFFERED ITS ENTIRE 21 MILLION PLUS LOAN COMMITMENT AT NO INTEREST FOR TWENTY-YEAR REPAYMENT WITH FIVE-YEARS' GRACE. KUWAITI LOAN TERMS RANGED FROM 30 TO 40 YEARS REPAYMENT AT FROM TWO TO EIGHT PERCENT WITH FIVE-YEARS' GRACE. QATAR AND THE UAE OFFERED 15 YEARS AT A FLAT THREE PERCENT.

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6. THE MINISTER EXPRESSED CONFIDENCE--AS HAVE OTHER GIRM OFFICIALS WE TALKED WITH--THAT ARAB INTEREST IN AIDING MAURITANIAN DEVELOPMENT WAS NO ONE-SHOT AFFAIR, AND THAT PRESENT COMMITMENTS WERE JUST THE BEGINNINGS OF LONG-TERM ARAB ACTION TO AID IN DEVELOPMENT OF MAURITANIA AND OTHER AFRICAN STATES. THE MINISTER, HOWEVER, DOES NOT EXPECT ENTIRELY SMOOTH AID RELATIONS WITH THE ARABS, AND HE NOTED DIFFICULTIES ARE ALWAYS INHERENT

WHERE THE DONOR (HE CITED LIBYA) LACKS INSTITUTIONAL MEANS
TO DEVELOP AND MANAGE ON-GOING ASSISTANCE PROGRAMS.

7. FEW OF THE AID PROJECTS MENTIONED BY THE MINISTER HAVE
ANY DIRECT CONNECTION WITH SENEGAL VALLEY DEVELOPMENT
ORGANIZATION (OMVS) PROGRAMS. THE EXCEPTIONS WERE AGRICULTURAL
SCHEMES (PARA TWO ABOVE) TO BE SUPPORTED BY SAUDI ARABIA.
THE MINISTER NOTED THAT SEVERAL ARAB OIL STATES, INCLUDING
SAUDI ARABIA AND KUWAIT, WERE INVITED TO ATTEND THE JULY OMVS
DONOR MEETING AT NOUAKCHOTT. HE SAID NONE OF THE ARAB INVITEES
HAVE YET REPLIED TO THEIR INVITATION.
MURPHY

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